

Livestock and Dairy

California's total livestock and livestock products cash receipts were \$12.8 billion in 2013, up nearly 6 percent from 2012. The 10 percent increase in dairy receipts was the principle contributor to the rise in total livestock receipts. Livestock and livestock products account for nearly 28 percent of the state's gross cash receipts. Accounting for 7 percent of total US livestock cash receipts, California ranked third behind Iowa and Texas. Dairy products remained the state's leading commodity and accounted for 18.9 percent of receipts for US dairy products or 5.1 percent more than Wisconsin. Receipts for hogs and pigs were up over 3 percent from the previous year. Poultry and egg cash receipts were up almost 11 percent from 2012. California cash receipts for cattle and calves decreased 4 percent from 2012.

The first two quarters of 2013 the Golden State's dairy industry saw prices received for milk bounce around \$18.00 after the 2012 high of nearly \$20 per hundredweight. Prices steadily recovered after July to end the year at \$21.77. The annual average return per hundredweight was \$18.48 compared to the prior year's \$16.52. Feed costs per hundredweight of milk produced were essentially the same as the prior year. The 2013 increase in total feed costs of 1.8 percent was offset by higher production. Alfalfa fed per cow per day dropped off the last half of the year as cheaper corn contributed a growing portion of rations.

The California Department of Agriculture held public hearings in May and December to consider amendments to the milk pricing formulas and applied temporary adjustments through the year and a whey factor adjustment to sunset in 2014. Producers continued to work on fulfilling the plethora of environmental regulations. Late in the year herd size based Waste Discharge Permit fees were imposed. The number of dairies continued to decline with over sixty operations shuttered in 2013. The average number of head per dairy rose by over twenty from 2012.

Since 1993, when it surpassed Wisconsin in milk production, California has been the nation's leading dairy state. Sales of milk and cream contributed \$7.6 billion in 2013. Wisconsin, New York, Idaho and Pennsylvania were the next leading states in total milk production. The top five dairy states accounted for nearly 52 percent of total US dairy receipts. California ranked number one in the U.S. in the production of fluid milk, butter and nonfat dry milk. California continued to be second in total cheese production behind Wisconsin. California ranked 4th nationally in milk produced per cow per year in 2011, but dropped down to 6th in 2012, and 7th in 2013, slipping behind Idaho.

California's dairies produced 41.3 billion pounds of milk, accounting for almost 21 percent of the nation's milk supply. The monthly average production was over 3.4 billion pounds in 2013. California milk utilization experienced declines in fluid and increases in cheese, frozen products cottage cheese and yogurt. California milk going into cheese production comprised 44.2 percent of the state's total production, up 0.7 percent from 2012. Mozzarella continued to account for the bulk of California cheese production, comprising nearly 58 percent of the cheese produced in the state.

According to the California Department of Food and Agriculture's Dairy Statistics Branch, 33 counties contributed to the state's commercial milk production. The top five milk-producing counties in California accounting for over 73 percent of the state's total milk production were Tulare (27 percent), Merced (15 percent), Kings (10 percent), Stanislaus (10 percent) and Kern (10 percent). Essentially similar to last year, sales of fluid milk in California averaged 29 percent whole milk, 40 percent reduced fat milk, 14 percent low fat milk, 14 percent skim milk and 3 percent half-and-half.

Milk production per cow for 2013 was 23,178, about 1 percent less than 2012 yields. California's total cheese production of 2.31 billion pounds was up 2.9 percent from 2012. United States cheese exports increased almost 22 percent from 2012 to 316 thousand metric tons per the USDA Foreign Agricultural Service (FAS). Butter exports increased by 88 percent from 49 to 281 thousand metric tons. Export of whey protein products increased by almost 5 percent to 472 thousand metric tons. Exports of non-fat dry milk increased by nearly 25 percent to 555 thousand metric tons. Asian markets imported 53 percent of US dairy exports in 2013, up three percent from 2012. Total tons of dairy products exported to East Asia exceeded the combined exports to Canada and Mexico by nearly 5 percent. The last time more dairy products were exported to East Asia than to North American trading partners was 1997. The strong overseas demand was led by China and Russia. Competition from Oceania, Europe and South America was hindered by local weather issues and favorable US prices in the last half of the year. California contributes to about 40 percent of the total US dairy exports per the California Milk Advisory Board. US domestic fluid milk consumption per capita continued to slip with milk sales at their lowest levels in thirty years. California's annual production declined 1.3 percent, bucking the usual trend of 2 to 3 percent growth per year. Recent public discussions on the future of the dairy market have focused on promoting Asian exports and value added milks.

Cattle and calf sales totaled \$3.05 billion, compared with \$3.19 billion in 2012. As the drought persisted through 2013 the attractiveness of the state for overwintering cattle was reduced. The typical winter influx of cattle was about half of the prior two years. Local cattle were also taken to Texas, Nevada and Nebraska to find feed and water lacking in California.

The 2008 Proposition 2 impacting animal confinement in California is scheduled to take effect in 2015. Attempts to mitigate it in court failed and a cooperative approach through federal regulation gained the backing of representatives from several states. *Salmonella* outbreaks at a couple western poultry processing plants dominated the headlines in 2013. Poultry industry workshops focused on sustainability, safety and proactive compliance with the growing layers of regulations.

After declining in recent years, sheep and lamb inventory began to recover in part to the respite from high feed costs in the last half of the year. Lamb imports were up in 2013. Commercial sheep slaughter was up over 5 percent, though slaughter weights were down from 2012. The drought challenged lamb producers and prompted some to sell-off of lambs early or resort to costly early hay feeding.

California's 2013 honey production, at 10.9 million pounds, was down 6 percent from the prior year. Producing colonies totaled 330 thousand, the same as the revised 2012 colony count. The yield per colony averaged 33 pounds, compared to 35 pounds produced in 2012. The average price received for honey was \$2.10 per pound, up 16 cents from the average price per pound in 2012. The importance of bees in California agriculture is apparent when the majority of the nation's colonies are needed for almond pollination. The focus of research into the decimation of bees turned towards agricultural chemicals playing a significant role. Industry and academic researchers worked on modifying chemical application practices to mitigate the loss of these pollinators, an integral component of a large sector of California's agriculture.